



July 12, 2011

Honorable Kathleen Sebelius
Office of the Secretary
U.S. Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Sebelius:

The State of Utah recently submitted an 1115 Waiver Request for Utah's Medicaid program to the Centers for Medicare and Medicaid Services (CMS). The Waiver Request proposes an implementation of payment and service delivery reforms, which more appropriately align incentives in the health care system. It would also introduce Utah Medicaid's version of an Accountable Care Organization (ACO) model.

For the past two decades, Utah's Medicaid growth rates have exceeded the state's annual revenue growth rates. For this reason, we, as Utah leaders, have become increasingly concerned about the long-term sustainability of Medicaid. We believe the changes outlined in the Waiver Request will preserve the program's viability for the foreseeable future.

During Utah's 2011 Legislative General Session, Executive and Legislative leadership aligned with the goal of establishing a standard for improved control over ever-increasing health care costs, putting more focus on patient outcomes and quality of care. As submitted, the Waiver Request would replace the current fee-for-service model and all of its underlying incentives for overutilization of service, with an ACO-based model that places focus on the preservation and improvement of health, rather than on delivery of services. We believe this reform effort has the potential to significantly reduce the rate at which Utah Medicaid expenditures increase. Not only will the financial incentives change, but we believe the quality of health care for our Medicaid-eligible citizens will be maintained or even enhanced.

The proposed implementation date is July 1, 2012. This timetable should allow sufficient time for CMS to review the Waiver Proposal and for the state and its health care providers to realign models of care delivery and update payment and monitoring systems. Therefore, we encourage a timely consideration of this Waiver Request.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary R. Herbert".

Gary R. Herbert
Governor

A handwritten signature in black ink, appearing to read "Michael Waddoups".

Michael Waddoups
President, Utah State Senate

A handwritten signature in black ink, appearing to read "Rebecca D. Lockhart".

Rebecca D. Lockhart
Speaker of the House